



~~October 14~~December 8, 2015

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Re: 2015 Addendum to Retail Market Analysis Conducted for the One Paseo Project

In February 2012 Kosmont Companies ("Kosmont") prepared a Retail Market Analysis ("RMA") included as part of the Draft Environmental Impact Report ("DEIR") for the proposed One Paseo project ("Originally Proposed Project"). In January 2013 Kosmont prepared an addendum to the original RMA primarily to evaluate the reduction in the square footage of the retail component of the then proposed development ("~~Revised~~Approved Project"). Subsequent to the preparation of that addendum, and the approval of the One Paseo project in February 2015 the square footage of the retail component of the proposed project was further reduced. This addendum considers the further reduction in square footage of the retail component of the last revision to the project ("New One Paseo Project"). This document serves as a supplement to the RMA and the 2013 addendum to the RMA, and as such, both should be referred to for additional information and discussions of methodology.

A summary of the gross retail and cinema square footage in each of the three iterations of the project follows in Table 1 below.

Table 1. Land Use Comparison of the New One Paseo Project with the Originally Proposed Project and ~~Revised~~Approved Project (Gross Square Feet, Retail & Cinema Component Only)

Project	Retail SF
Originally Proposed Project	220,000
Revised <u>Approved</u> Project	198,500
New One Paseo Project	95,871
Net Change from Originally Proposed Project	-124,129
Net Change from Revised<u>Approved</u> Project	-102,629

As illustrated in Table 1 above, the New One Paseo Project includes 95,871 square feet of retail space. This represents a reduction of 124,129 square feet of retail space from the Originally Proposed Project, and a reduction of 102,629 square feet of retail space from the ~~Revised~~Approved Project.

The initial and follow-on review and analysis for both the Originally Proposed Project and ~~Revised~~Approved Project, concluded that based on the existing and

projected retail supply and demand, development of the Originally Proposed Project or the Revised/Approved Project was not expected to have a significant economic impact on the existing retail establishments within the trade area. Given the substantial reduction in retail square footage of the New One Paseo Project from prior designs Kosmont's conclusion from the initial RMA, and 2013 addendum to the RMA remains unchanged: the New One Paseo Project is not expected to have an adverse impact on the existing GAFO, Food, or Eating and Drinking retail establishments. Further, based on Kosmont's evaluation of existing and projected retail market, an even greater positive net demand for these types of retail uses is projected for the New One Paseo Project.

When net demand exists, market conditions are generally favorable for retail businesses, and as a result, retailers will not be forced to close for reasons related to insufficient demand caused by the proposed development. Should existing businesses close, it would likely occur on an intermittent/site-specific basis, and primarily for operating or demand factors primarily unique to those businesses. Further, as market conditions remain favorable based on the net demand for additional retail square footage, it is unlikely that the proposed development will cause significant business closures and long-term vacancies, causing property owners to cease maintaining their properties and leave decaying, unoccupied shells.

Kosmont is available to discuss its findings and conclusions at your convenience.

Very Truly Yours,



Larry Kosmont
President & CEO

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.